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A BIBLIOGRAPHICAL DISCOVERY IN POLITICAL ECONOMY.

THE distinguished German economist and philanthropist, Professor Victor Böhmert, of Dresden, surprises us with the interesting discovery that even long before the time of Adam Smith "a scientific mind had not only reflected earnestly and ardently on economic problems in general, but had, in a logical manner, attempted to build up these thoughts methodically into a compact system." This is what Böhmert says in his pamphlet that lies before us: *A Handbook of Political Economy of the Year 1723, by an Unknown Writer.*

By the help of this pamphlet we will try to give some particulars concerning the work in question.

This book of three volumes, published in France by an anonymous German, will certainly raise much discussion. Its title runs: *Traité de la richesse des princes et de leurs états, et des moyens simples et naturels pour y parvenir.* Par M. C. C. d. P. de B., Allemand, Paris, chez Théodore Legras. It is entirely unknown to the political economists and bibliographers of today. Böhmert's attention was called to it by the well-known economist Luigi Cossa who had found its name in a catalogue. He was luckily able to procure it and found it to be a work of some fifteen hundred pages. With regard to the personality of the author, Böhmert thinks he may have been an ambassador or other official from a German court living in Paris.

This anonymous Franco-German remarks that by his work he wishes to make known to the intellectual world some facts, the knowledge of which is very interesting; further he wishes to give "all who come into close contact with princes and governments an opportunity of reflecting on matters very important for the preservation of the state." He adds moreover that these principles are by no means new, his method only being a new one. As the pioneer in economic science he had sought to lay down "fixed and certain principles which might serve as guides and rules for the purpose of regulating the economic relations of a country." He had also striven "to arrange these principles in a natural order and to connect them with each other by necessary deductions." We have, then, to deal with a work, curiously lost from sight, but most

interesting, which, as early as the first quarter of the eighteenth century, sets forth systematically and methodically the entirely new science of the wealth of nations, and in the closest connection therewith treats also of the theory of state revenues and financial administration.

The first book is the most important. It explains the chief ideas of the new doctrine, while the second applies the author's principles of state administration to the three chief sources of wealth — agriculture, manufactures, commerce.

I.

The author begins by discussing what philosophers understand by wealth. He remarks that all reasonable persons are aware that great property adds less to the cheerfulness of life in the best sense, than does a mind educated and moulded so as to be capable of making a wise use of property.

The conception of wealth varies with time and place. If the princes and nobles of ancient Germany and Gaul were to visit Paris now (1723), "they would probably marvel at the luxury of simple citizens and take the richly adorned coachmen and porters of great families for princes and nobles." But if the ancients only looked for a form of wealth already existing in their own country, this would only prove that they knew no other and would not show that they were more philosophical, and less vain, pleasure-seeking, and fond of ornament, than their successors. "Wealth in the ordinary sense of the word" as most people understand it, consists, according to our authority, in "the easier use of the necessary, convenient, and superfluous commodities for supporting and rendering life agreeable." The use or enjoyment of commodities is not to be separated from the conception of wealth. Property alone or the possession of anything cannot make us rich ; rather does all property in general only assume the character of wealth when one commences to make use of it for the necessities and pleasures of life. The perfect use of property must include in itself the ease and freedom of individual enjoyment. To believe that possessions are valuable in themselves is a misconception ; in reality they are only valuable according to the inclinations, the number, and the resources of our fellow-men. Even a single competitor or a small number of such can render the enjoyment of property more difficult or almost impossible.

According to the *Traité de la richesse* articles used by man can be divided into three kinds : necessary things, agreeable things, and

superfluous things. Each of these degrees of wealth shows extraordinarily great differences, according to the inclination, age, and circumstances of individuals. It is necessary for all men to co-operate as much as possible, because they cannot become rich without each other; rather, they would become "more wretched than animals."

The chief wealth of man lies in the increase of his species. This opinion arises logically from the former opinion, but stands in direct opposition to the views of Malthus and other modern political economists.

Let us next examine in some detail the nature of these three classes of wealth. In the first place what do we mean by "necessary things"? All commodities without which we can neither live nor be healthy, vigorous, and complete. The use of these necessities must be regulated and divided according to some plan. We must endeavor "to maintain ourselves by means of the co-operation of others, and at the same time be helpful to others in the satisfaction of their needs." There are countless truths which are essential for our preservation, but which we could not discern without the co-operation of other men.

In the second place what do we mean by "agreeable things"? Most people wish to live comfortably, that is to say, we have nearly all of us the natural instinct to procure what is pleasant to the senses to guard ourselves from the contrary. It is, however, very important, along with this, to pay unremitting attention to another consideration, for men, because dependent on each other, are under the obligation "of mutually helping one another in the enjoyment of the comforts of life and in guarding against hardships." We may only yield to the "irresistible" wish for a comfortable life in so far as we take care of those by whom we expect our comforts to be provided. The happiness of the individual depends partly on the happiness of the whole human race.

Now, let us turn to "superfluous things." There is another instinct likewise common to most men, namely, the inclination never to be satisfied with the goods already possessed, but to wish always to become richer. Should this passion for superfluities not suffer some limitation by means of the reflections of reason and prudence, it may cause the worst results possible to the community. Reflection, indeed, teaches us that our superfluous goods must stand "in direct ratio to the goods of which others are in need." Otherwise that natural instinct for adding to superfluous wealth would fail in its purpose,

which is the preservation, increase and happiness of the whole human race. In consequence of these prejudices and passions, or from indifference and idleness, man does not always, as our unknown writer justly remarks, obey the teaching of his higher knowledge, thereby becoming poor and miserable, or at least less rich and happy, than he might be. For the purpose of counteracting in some measure these common faults by the power and intelligence of the majority keeping in check the offenses of individuals, men are striving to protect themselves mutually by combination. These united bodies, originally families, then races, provinces, etc., gradually developed into countries, states and great kingdoms. It should be the task of princes and governments in the administration of their states to make effectual those reasonable laws and principles which the individual must observe in his natural struggle for wealth, in order that the universal desire for wealth and happiness may be satisfied.

In his discussion of the duties and tasks of princes and their ministers, the newly discovered political economist starts from the axiom that the interests of the prince are identical with those of his people, that he cannot be rich or happy unless his subjects are so also. We must look upon the head of the state and his people as parts and members of a natural body; the more healthy and beautiful the individual parts and members, so much the more perfect the whole. Because wealth ought to contribute to the amelioration of the whole political body, the prince should seek to raise even "the most wretched from their miserable condition, in order to enable them to enjoy the needful, the agreeable, and even the superfluous." Since the chief wealth of a country consists in its inhabitants and since the larger the population the more men there are who can combine for the manufacture of necessities and luxuries, the government ought to endeavor to unite "the interests of individuals so closely together that all would aim at the attainment of public wealth."

Here our philosopher of economics returns to a point already touched on, when he writes the following words which we must consider most noteworthy in view of the level of general thought at that period, and the bent of public opinion, and which still hold good today and do honor to his feelings.

To this end all citizens must be constrained, always to observe right relations toward their fellow-workers and to avoid any acquisition of wealth that might injure others. . . . If one man is obliged to overexert himself

whilst another is wearied to death through idleness, the second phase of the wealth of a state, namely the procuring of the comforts and amenities of life, is contradicted. In all states people give away their superfluous goods in exchange for gold, silver and other wares, or nourish dogs or other animals with them, while a great number of their fellow-citizens suffer want or do not receive sufficient nourishment.

The prince should care to the same extent for the intellectual needs of his citizens as he ought for their bodily support ; this should be one of the best means of enriching the state. Every one should be instructed in the art of thinking correctly, especially in so far as it affects the public good on the one hand, and the good of "every single individual in his vocation." The state should take care to teach men from childhood to love truth and scorn lies. Therefore it is recommended that education should be given free, that is to say at the expense of the state—also for this reason that it is one of the necessities of life.

Comfort or pleasure that ought to be common to all men does not consist in being idle and living luxuriously ; on the contrary the trouble and discomfort of acquiring the means of life should be shared in such a manner by all, that "some should not sink under the burden and others give themselves up to effeminate ease." Böhmert's newly discovered author, requires, therefore, that work-time, refreshment-time, and rest-time should be fixed officially ; that—since no man resembles another—people should be hindered from choosing professions unsuitable for them ; that the state should favor and reward any discoverers of labor-lightening mechanism or appliances ; lastly that such discoveries should always be brought before the public without delay.

There are still some points to be touched on in the first volume before we pass to the second. The superfluous commodities of individuals must find useful employment. Superfluous gold should not be allowed to lie unused, or superfluous corn, instead of being used to prevent hunger, allowed to spoil. A small number of citizens ought not to be allowed an excessive quantity of commodities. Instead of that the prince must see that his people are not wanting in the necessities of life, and that corn in particular does not become too dear. The means of preventing high prices and starvation are state and municipal corn granaries, official regulation of prices, facilities for trading with "superfluous" commodities, and the applying of the

latter to common objects useful to the state. Every government which can be considered good has to keep in view the general principle that "all private interests, which are so often opposed to one another, should be brought into a sort of equilibrium and harmony."

II.

In the second book the principles already laid down are applied to the three chief modes of production — agriculture, manufactures, and trade—which departments of industry he looks upon as "the true gold and silver mines of the state." He considers the securing to the producers of their share of the product to be a real portion of their wealth, and he recommends princes to strengthen by stringent regulations the general confidence in the security of the enjoyment of property. Rulers should also found "seminaries for training good ministers and officials," should permit no violence or injustice on the part of servants of the state, and no oppression of the weak by the rich and powerful. They should also seek to fix definitely the just ratio of value of the imports of foreign trade, and for the rest should be at the pains to promote equally the prosperity of agriculture, manufactures, and commerce.

Turning especially to agriculture, our authority calls it the foster-mother of all other callings. He thinks it absolutely wrong to advise princes to keep the peasantry in a state of poverty and want. Public burdens should stand in direct ratio to the produce of the soil. Each piece of land should be cultivated to the degree best suited for it. No field should lie fallow. The bodies and minds of the country people must be better cared for and developed. It is the interest of the state that every peasant should know his native tongue perfectly and be trained in the art of thinking. The cleverest farmers of each country should be incited by means of prizes and other marks of distinction to raise the culture of the soil to a higher level.

In each district public training schools should be established for all those branches of agriculture best suited to that particular place. By proper remuneration, we ought to attract capable housewives into the business of instructing girls in housekeeping, and the village clergy should be induced to make the farmers acquainted with the laws that concern them. Further facilities ought to be provided

for enabling the villagers to trade with each other. The police should be improved, and attention should be paid to the provision of good

drinking-water for men and beasts, of public pastures for cattle, and of open spaces for the recreation and assembling of the people. Morals also must be corrected.

Songs, bodily exercises, and amusements ought to be adapted to the promotion of the people's welfare, and, in doing this, we should remove all that might lead to law-breaking, excess, and superstition. Altogether the author gives uncommonly good advice with reference to the improvement of the manners and amusements of the people, and from this improvement he expects, indirectly, an increase of the national wealth.

It is for the interest of the prince and of the state to keep the pleasures of the country people free from extravagance and want of moderation, to promote the renewal of their physical and mental powers, which renewal is, indeed, the object of social intercourse, to draw the people away from the public houses, to guard them from unwholesome forms of recreation and to accustom them to harmless or useful amusements, for example, gymnastics, games, etc., on an open space which each village should possess for this purpose. The place might serve besides for the announcement of laws or ordinances, the celebration of weddings and other festivals, and the holding of councils for the common good.

After this the author goes on to advise the princes "to prevent the means of life from being destroyed or used for any other purpose than that of food, to look after the fixing of prices, the suitable division of lands, and the raising of the laborer's wages." He then turns to the second group "of chief fellow workers for the wealth of the state," the industrial classes, whose duty it is to transform the products of agriculture into articles of use. The closer the union of the manufacturer's interests with those of the farmer, the better will the former be provided with necessities and the latter with luxuries. If one wishes to give increased vigor to manufactures one should be careful to provide artisans with a good intellectual training and to make the people acquainted with all progress made in manufactures abroad. "Every industry should look after its own poor and prevent the paupers of the town becoming a burden to the inhabitants of the country."

The service which merchants, the third group of the chief producers of wealth, afford to the state consists in the fact that they facilitate or bring about for the farmer and manufacturer the exchange, sale, and

conveyance of their products. The trader's "sole means of acquiring wealth is by making a small profit on each large sale." If a trader dealt otherwise, "it would be very bad for trade," for merchants must be honest and trustworthy if trade is to flourish. Moreover, insecurity and frequent change of prices are likely to ruin trade. We ought to aim at simplifying trade, separating its different branches and uniting the merchants into trade corporations or guilds, the members of which would be called upon to protect one another from bankruptcy and to give mutual credit. The more home trade is freed from its imperfections, the greater will be the flourishing condition of foreign trade. Much stress is laid, in the chapter under consideration, on the necessity of abolishing the abuses in the customs department.

The remarks about the nature of credit are interesting. Public and private credit are "the most costly jewels in the crown of a prince and an inexhaustible source of wealth." The general conception of credit is "confidence in the simple word or promise of another to pay back at a given time and place anything of value lent to him." Confidence, probability, trust taken in an exact sense are synonymous with "credit." Therefore, for credit to be "complete," confidence, probability, and trust must practically become certainties. Before a man trusts something to another, he gauges the other's willingness and ability to repay it. If he finds the will good and the ability sufficient, he will enquire if there are, in case of need, means to enforce the fulfillment of the promise of repayment. Therefore, a prince striving to bring about an extension of credit among his people, should attend to three things :

1. The diffusion of loyalty and faith among the people.
2. The prevention of usurious claims on the part of creditors.
3. The provision of quick and severe justice against bad debtors.

Our Franco-German author thinks, and with justice, that the credit of a people suffers in an especial way if the state of that country is insecure and the value of property uncertain. In consequence he wishes to suggest some preventive measures, in especial the fixing of "the price of corn and gold by means of granaries and public coffers."

The next chapter is occupied with the theory of gold and its circulation. The double property of gold as a standard of value and a means of exchange, is emphatically brought forward. In commerce all nations are agreed in recognizing gold and silver as aids in the

exchange of commodities and also as measures of value. In consequence of their small size and easy portability, coins of these precious metals have become convenient instruments of commercial intercourse.

Their use makes more business possible in one day than could otherwise be done in a whole year, if we were dependent on the direct exchange of wares. Gold renders important services "in the acceleration of trade and the redintegration of credit," because it possesses the quality of representing everything that goes by the name of "property," and also because every one is prepared to exchange commodities directly for gold. It is foolish to value gold and silver more highly than all other goods. They are merely servants. Commodities must exist before their acquirement can be facilitated by the help of the precious metals. We could enjoy and make use of all commodities without the aid of gold, only it would be with greater difficulty. "The admirers of gold and silver act against their own interests when they make a bad use of their money and imagine that they are protecting themselves thereby from poverty and misery." The more gold circulates, the better does it serve the common good; if one withholds it from circulation in great quantities, dangerous crises are likely to arise. If there is a scarcity of gold and credit, agriculture, commerce, and manufactures suffer. The extension of public and private credit facilitates the circulation of gold. Princes should not be recommended to amass treasure; their best treasurers are their people and their people's love and confidence. "Gold by its rapid circulation in a political body ought to play the same part as the blood by its circulation plays in the human body." On this account the prince ought to make it as easy as possible for all owners to employ their gold usefully.

We next arrive at the treatment of consumption, a section which Böhmert calls "one of the most interesting of this remarkable book." This chapter forms the logical outcome of the author's views with regard to the conception and object of wealth. Consumption is the kernel of all human commerce: on it depends the value or importance of commodities. The greater the consumption, the greater wealth do the commodities represent. It is only by the consumption of their superfluous goods that the manufacturer, the trader and the farmer can attain to wealth. The improvement and increase of their products would be worthless, if there were not a sufficient number of men who had the requisite desire and power to buy.

When there is general temperance and the care of health improves, the population will also become larger, and with it consumption will increase. The arrival of strangers will likewise contribute to the increase of the consumption and wealth of a nation.

The prince ought to see that all superfluous goods are sent abroad in order that native industries may receive an impetus. He could limit his own and his court's consumption of foreign products, thus taking the lead in setting a good example of making use exclusively of home-made articles.

"If we wish the whole state to be in a thoroughly healthy condition," every member of the state must have access to all that is necessary for purposes of health. Thus even in respect to clothing, he who is in need must receive from others "a portion of their useless and ridiculous finery and superfluity." It is a disgrace to the whole nation when one man "is overloaded with gold and silver, whilst another has scarcely the wherewithal to cover his nakedness." It would certainly be very pleasant for all citizens to live in the midst of "a beautiful and pleasing environment." But that can only be brought about "by distributing in due proportion, necessary, agreeable, and useful things, thus preventing the ruin of some through a surfeit of luxuries, and of others through want." The rich should limit themselves in some measure, and should apply their superfluous wealth to useful ends, to public buildings and "works which may serve for the good of the whole world." If the state were willing to bestow any marks of honor or favor on those who paid the cost of a public work, it would draw greater advantage from the goods of the rich than from their love of show and extravagance. "Their wealth would thus be easily diffused amongst the poor."

With reference to the care of the poor, the following passage, which deserves to be laid to heart, may be quoted :

The clergy are wont to advise the rich to give alms instead of living in splendour. But almsgiving often injures the community, as it leads to idleness and indolence, and people insensibly become accustomed to begging. The best mode of almsgiving is to help poor children to learn some honest trade, and to procure occupation for poor people who wish to work. No private person should give alms. That ought to be the public concern of the whole society.

Here Böhmert very rightly makes the following remark :

We see that questions which are usually considered very modern, such

as work instead of alms, limitation of charity, the close union of official and non-official charity, had already been raised more than 170 years ago.

III.

In the third book of the *Traité de la richesse* is shown "what portion of this wealth belongs to princes as a just compensation for their labors and care, and how the revenues of the prince should be collected, administered, and spent." Here we give word for word the following noteworthy and suggestive remarks :

A good prince, who understands his true interests, would rather have recourse to his own purse to satisfy public wants than to the public purse to provide for his private needs.

And again :

We owe to men the same justice at least which we owe to horses, which are well fed with the view to make them last as long as possible.

Speaking of the taxes, our authority says that the people and the prince should come to some agreement as to their necessity, usefulness, and justice. In their apportionment the chief burden is to be placed in proportion to the capacity of the individual citizens to pay them ; therefore the calling, property, income, etc., of each individual must be ascertained. And "no country should blindly follow the example of other states in its system of taxation ;" its own circumstances ought much rather to be considered. "Taxation must not deprive the poor of their necessities." For example, he who pays a thousand francs out of a sum of 10,000 does not feel it as much as a poor man who pays a like percentage (10 per cent.), from an income of 500 francs. The author proposes to create three chief classes for the purpose of taxation : (1) nobles and clergy ; (2) citizens ; (3) peasants. And for each of these he proposes to draw up "especial lists of taxes in proportion to their capacity for payment."

At the present day [he complains], the nobility and clergy in several countries are indeed free from taxation, and privileged ; but more harm than profit accrues to them from this. If the privileged classes understood their true interests, they would beseech princes to prescribe for them definite taxes, and in return discontinue all extraordinary taxation for the purposes of public needs.

Our unknown author also declares against a multiplicity of taxes. He advocates strenuously the greatest simplicity possible in the system of taxation. His views are exceedingly important as regards custom

duties and foreign trade. They, as so many other things in his remarkable book, represent him as an unprejudiced, humane, reasonable thinker, who in many things was far ahead of his own time.

Every state, according to its climate and situation, "has received especial gifts enabling it to contribute something or other to neighboring countries;" and this it ought to do. If one state were to limit its exports by high custom duties it would, on the one hand, deprive foreign nations of its particular natural gifts, and, on the other, would rob itself of many necessary and useful commodities. The evil is still greater if superfluous goods are allowed to be squandered uselessly.

It is advantageous to the merchant when there is an abundance of goods in one place and a demand for them in another. But if the export of certain superfluous wares is made difficult by obstructive regulations, neighboring states are forced to deal with other countries.

A state that defrauds another when it is in need acts like a private person who would take advantage of the critical situation of his debtor and therefore charges him exorbitant interest, which renders him bankrupt, so that the creditor loses both capital and interest. A man injures the public welfare when he ruins his neighbor. If, on the contrary, he allows him to become rich, he can do more business with him. To avoid reprisals a state should refrain from all that might throw obstacles in the way of foreign trade. In case of a bad harvest,

the people must certainly stand by one another and, for the common good, make a fight against so dangerous a foe as hunger. How can it avail us to see our neighbors die of hunger whilst we have an abundance of corn? If we do not help them in their misfortune, they will also leave us in the lurch when we need their help.

Again and again the author accentuates the principle that both the individual and the nation become richer with the increase of their neighbors' wealth, and that "we should consider the true interests of our neighbors to be our own."

The depreciation of the coinage and any arbitrary change in its value is not condemned by the author of this book so emphatically as is the interference with commerce by high customs duties. This proceeds from his false idea that the prince can influence prices, and, by the erection of state granaries, create an equilibrium in the value of corn.

In this respect [says Böhmert] the author is altogether misled by "mercantile" ideas of the power of the state. He is ignorant of the influence of foreign trade upon the price of wares and of the precious metals, however sound are the ideas he displays elsewhere concerning the freedom of trade.

According to our unknown author, gold, as the ordinary instrument of international commerce, "should, in the interests of the common good of society, neither be depreciated nor interfered with in its functions." Yet when mentioning certain other precautionary measures, he is willing to permit the prince to change the value of the coinage according to his pleasure. He not only fears no disturbance in the financial world from this, but even promises himself a profit, "by making two florins into three." He considers lotteries a voluntary form of tax. They should only be held on the part of the state and merely for public objects, and their returns should "directly profit the whole state." Lotteries which do not tend to the advantage of the common good are to be most emphatically condemned. As to the usual direct taxes, there should really be only one kind, and that should be, without doubt, an income tax. Herein two kinds of income are to be distinguished, that which consists of the necessities of life and raw material, and that which consists of money. The country people must pay *in natura*, the remaining citizens in cash. The rich should be taxed more heavily ($\frac{1}{10}$ to $\frac{1}{5}$ of their income) than the poor from whom ought only to be taken $\frac{1}{20}$ or $\frac{1}{15}$.

After reading our extremely close abstract, the reader will grant that we do not say too much if we designate the *Traité de la richesse des princes et de leurs états* an extraordinarily important discovery in the history of political economy and social science, for which Böhmert deserves the warmest recognition, and if we consider M. C. C. d. P. de B. an enlightened mind of the first rank.

It is self-evident that a great deal in both his thoughts and arguments has long been out of date, but many of his opinions—and in preference we have quoted these—have not lost their validity and will still longer retain it. Serious fundamental errors are naturally not wanting in it, but the work contains much that shows deep thought, and is surprisingly correct for that period of feudalism and of faith in the "mercantile system."

Altruism, as we have seen, plays an important part in the philosophy of this German—for that period a really astonishing part. The

universal law, that others do not exist for us, but we for others, weaves a red thread through all his disquisitions. In the most different forms, again and again, he gives the advice to serve in love our fellow-men and neighboring nations, and he offers to princes the noteworthy counsel not to interfere violently with the religion of their subjects, because "all the princes of the world together can neither give religion to any man nor take it from him."

LEOPOLD KATSCHER.

BUDAPEST.